

SENATE BILL No. 437

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-13.

Synopsis: EDGE credit applications. Provides that in evaluating an application submitted after December 31, 2004, for an economic development for a growing economy (EDGE) tax credit, the EDGE board shall determine the extent to which the average compensation paid by the applicant to its employees exceeds the average compensation paid to employees working in the same industry sector in the county in which the applicant's project is or will be located. (Current law requires the board to determine the extent to which the average compensation exceeds the average compensation paid to all employees in the county, regardless of industry sector.)

Effective: January 1, 2005.

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January 12, 2004, read first time and referred to Committee on Finance.

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Introduced

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

SENATE BILL No. 437

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-13-5.3 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 2005]: **Sec. 5.3. As used in this chapter,**
4 **"NAICS industry sector" refers to the current two (2) digit North**
5 **American Industry Classification System (NAICS) code used to**
6 **classify businesses according to the type of activity performed.**

7 SECTION 2. IC 6-3.1-13-15.5, AS ADDED BY P.L.178-2002,
8 SECTION 45, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
9 JANUARY 1, 2005]: Sec. 15.5. This section applies to an application
10 proposing to retain existing jobs in Indiana. After receipt of an
11 application, the board may enter into an agreement with the applicant
12 for a credit under this chapter if the board determines that all the
13 following conditions exist:

- 14 (1) The applicant's project will retain existing jobs performed by
15 the employees of the applicant in Indiana.
16 (2) The applicant provides evidence that there is at least one (1)
17 other competing site outside Indiana that is being considered for



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the project or for the relocation of jobs.

(3) A disparity is identified, using the best available data, in the projected costs for the applicant's project in Indiana compared with the costs for the project in the competing site.

(4) The applicant is engaged in research and development, manufacturing, or business services ~~(as defined in~~ **(according to the Standard Industrial Classification Manual of the United States Office of Management and Budget or the corresponding NAICS industry sector).**

(5) The average compensation (including benefits) provided to the applicant's employees during the applicant's previous fiscal year exceeds:

(A) the average compensation paid during that same period to all employees in the county in which the applicant's business is located by at least five percent (5%), in the case of an application submitted before January 1, 2005; or

(B) the average compensation paid during that same period to all employees working in the same NAICS industry sector in the county in which the applicant's business is located by at least five percent (5%), in the case of an application submitted after December 31, 2004.

(6) The applicant employs at least two hundred (200) employees in Indiana.

(7) The applicant has prepared a plan for the use of the credits under this chapter for:

(A) investment in facility improvements or equipment and machinery upgrades, repairs, or retrofits; or

(B) other direct business related investments, including but not limited to training.

(8) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project, and not receiving the tax credit will increase the likelihood of the applicant reducing jobs in Indiana.

(9) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.

(10) The applicant's business and project are economically sound and will benefit the people of Indiana by increasing or maintaining opportunities for employment and strengthening the economy of Indiana.

(11) The communities affected by the potential reduction in jobs or relocation of jobs to another site outside Indiana have

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committed at least one dollar and fifty cents (\$1.50) of local incentives with respect to the retention of jobs for every three dollars (\$3) in credits provided under this chapter. For purposes of this subdivision, local incentives include, but are not limited to, cash grants, tax abatements, infrastructure improvements, investment in facility rehabilitation, construction, and training investments.

(12) The credit is not prohibited by section 16 of this chapter.

SECTION 3. IC 6-3.1-13-17, AS AMENDED BY P.L.178-2002, SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005]: Sec. 17. In determining the credit amount that should be awarded to an applicant under section 15 of this chapter that proposes a project to create jobs in Indiana, the board shall take into consideration the following factors:

(1) The economy of the county where the projected investment is to occur.

(2) The potential impact on the economy of Indiana.

(3) The incremental payroll attributable to the project.

(4) The capital investment attributable to the project.

(5) The amount the average wage paid by the applicant exceeds the average wage paid:

(A) within the county in which the project will be located, in the case of an application submitted before January 1, 2005; or

(B) to all employees working in the same NAICS industry sector within the county in which the project will be located, in the case of an application submitted after December 31, 2004.

(6) The costs to Indiana and the affected political subdivisions with respect to the project.

(7) The financial assistance that is otherwise provided by Indiana and the affected political subdivisions.

As appropriate, the board shall consider the factors in this section to determine the credit amount awarded to an applicant for a project to retain existing jobs in Indiana under section 15.5 of this chapter. In the case of an applicant under section 15.5 of this chapter, the board shall consider the magnitude of the cost differential between the projected costs for the applicant's project in the competing site outside Indiana and the projected costs for the applicant's project in Indiana.

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